

**STATE OF CALIFORNIA  
DEPARTMENT OF MANAGED HEALTH CARE  
HEALTH CARE SERVICE PLAN**

**ANNUAL FINANCIAL REPORTING FORM**

Submitted on 12/19/2003 6:50:24 PM

1	FOR THE YEAR ENDING:	June 30, 2003
2	Name:	UNIVERSAL CARE
3	File Number:(Enter last three digits) 933-0	209
4	Date Incorporated or Organized:	April 18, 1983
5	Date Licensed as a HCSP:	October 15, 1985
6	Date Federally Qualified as a HCSP:	
7	Date Commenced Operation:	November 1, 1985
8	Mailing Address:	1600 EAST HILL STREET, SIGNAL HILL, CA 90806
9	Address of Main Administrative Office:	1600 EAST HILL STREET, SIGNAL HILL, CA 90806
10	Telephone Number:	(562) 424-6200
11	HCSP's ID Number:	33-0012358
12	Principal Location of Books and Records:	1600 EAST HILL STREET, SIGNAL HILL, CA 90806
13	Plan Contact Person and Phone Number:	KENNETH L. WATKINS (562) 981-4059
14	Financial Reporting Contact Person and Phone Number:	KENNETH L. WATKINS (562) 981-4059
15	President:*	HOWARD E. DAVIS
16	Secretary:*	JEFFERY V. DAVIS
17	Chief Financial Officer:*	KENNETH L. WATKINS
18	Other Officers:*	JAY B. DAVIS, EXECUTIVE VICE PRESIDENT
19		
20		
21		
22	Directors:*	LAURA DAVIS, MARC DAVIS, ERIC SPENCER,
23		JOHN ADAMS, STEPHEN BASS, MARIA FLATT-PEREZ,
24		LORRIE HOLT, LOUIS MACDONALD, CHRISS CARREON,
25		STUART GRAY, DAN SUN
26		
27		
28		
29		
30		
31		

<p>The officers listed on lines 15 through 17 of the health care service plan noted on line 2, being duly sworn, each for himself or herself, deposes and says that they are the officers of the said health care service plan, and that, for the reporting period stated above, all of the herein assets were the absolute property of the said health care service plan, free and clear from any liens or claims thereon, except as herein stated, and that these financial statements, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said health care service plan as of the reporting period stated above, and of its income and deductions therefrom for the period reported, according to the best of their information, knowledge and belief, respectively.</p>	
32. President	HOWARD DAVIS (please type for valid signature)
33. Secretary	JEFFREY DAVIS (please type for valid signature)
34. Chief Financial Officer	KENNETH WATKINS (please type for valid signature)
<p>* Show full name (initials not accepted) and indicate by sign (#) those officers and directors who did not occupy the indicated position in the previous statement.</p>	
<p>35. Check if this is a revised filing, and complete question 6 on page 2: <input checked="" type="checkbox"/></p>	
<p>36. If all dollar amounts are reported in thousands (000), check here: <input type="checkbox"/></p>	

Check My Work.

STATE OF CALIFORNIA  
DEPARTMENT OF MANAGED HEALTH CARE  
HEALTH CARE SERVICE PLAN

## ANNUAL FINANCIAL REPORTING FORM

### SUPPLEMENTAL INFORMATION

1	
1. Are footnote disclosures attached with this filing?	Yes <input type="button" value="▼"/>
2. Is the attached reporting form filed on a consolidated or combined basis? If "Yes", the plan is required to file consolidating or combining schedules.	No <input type="button" value="▼"/>
3. Is the plan required to file additional information (i.e. parent/affiliate financial statements, claims reports, etc.) that is required by the Department?	No <input type="button" value="▼"/>
4. Are there any significant changes reported on claims Schedule G, Section III?	No <input type="button" value="▼"/>
5. If "yes", describe:	
6. If this is a revised reporting form, what is/are the reason(s) for the revision?	We attached our final fiscal year end, June 30 2003, financial report audited by Ernst and Young. Changes to this report reflect the auditors adjustments.

## STATEMENT AS OF 6-30-2003 OF 933-0209 UNIVERSAL CARE

## REPORT #1 ---- PART A: ASSETS

1	2
<b>CURRENT ASSETS:</b>	Current Period
1. Cash and Cash Equivalents	18,429,650
2. Short-Term Investments	352,011
3. Premiums Receivable - Net	22,593,781
4. Interest Receivable	1,418
5. Shared Risk Receivables - Net	0
6. Other Health Care Receivables - Net	4,855,303
7. Prepaid Expenses	1,833,793
8. Secured Affiliate Receivables - Current	0
9. Unsecured Affiliate Receivables - Current	0
10. Aggregate Write-Ins for Current Assets	4,029,872
11. TOTAL CURRENT ASSETS (Items 1 to 10)	52,095,828
<b>OTHER ASSETS:</b>	
12. Restricted Assets	508,582
13. Long-Term Investments	0
14. Intangible Assets and Goodwill - Net	4,650,856
15. Secured Affiliate Receivables - Long Term	0
16. Unsecured Affiliate Receivables - Past Due	0
17. Aggregate Write-Ins for Other Assets	2,082,724
18. TOTAL OTHER ASSETS (Items 12 to 17)	7,242,162
<b>PROPERTY AND EQUIPMENT</b>	
19. Land, Building and Improvements	15,974,209
20. Furniture and Equipment - Net	1,064,104
21. Computer Equipment - Net	2,183,389
22. Leasehold Improvements -Net	938,785
23. Construction in Progress	46,010
24. Software Development Costs	1,169,727
25. Aggregate Write-Ins for Other Equipment	0
26. TOTAL PROPERTY AND EQUIPMENT (Items 19 to 25)	21,376,224
27. TOTAL ASSETS	80,714,214
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR CURRENT ASSETS</b>	
1001. Inventory	1,496,911
1002. Income Taxes	2,532,961
1003.	
1004.	
1098. Summary of remaining write-ins for Item 10 from overflow page	
1099. TOTALS (Items 1001 thru 1004 plus 1098)	4,029,872
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER ASSETS</b>	
1701. Deposit-L/T	850,164
1702. Others	56,165
1703. Deferred Taxes	1,176,395
1704.	
1798. Summary of remaining write-ins for Item 17 from overflow page	
1799. TOTALS (Items 1701 thru 1704 plus 1798)	2,082,724
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR OTHER EQUIPMENT</b>	
2501.	
2502.	
2503.	
2504.	
2598. Summary of remaining write-ins for Item 25 from overflow page	
2599. TOTALS (Items 2501 thru 2504 plus 2598)	0

## STATEMENT AS OF 6-30-2003 OF 933-0209 UNIVERSAL CARE

## REPORT #1 ---- PART B: LIABILITIES AND NET WORTH

1	2	3	4
<b>CURRENT LIABILITIES:</b>	Current Period		
	Contracting	Non-Contracting	Total
1. Trade Accounts Payable	10,364,319	XXX	10,364,319
2. Capitation Payable	4,646,386	XXX	4,646,386
3. Claims Payable (Reported)	12,933,581		12,933,581
4. Incurred But Not Reported Claims	30,015,078		30,015,078
5. POS Claims Payable (Reported)	0		0
6. POS Incurred But Not Reported Claims	51,341		51,341
7. Other Medical Liability	3,591,566		3,591,566
8. Unearned Premiums	3,791,097	XXX	3,791,097
9. Loans and Notes Payable	122,567	XXX	122,567
10. Amounts Due To Affiliates - Current	0	XXX	0
11. Aggregate Write-Ins for Current Liabilities	0	0	0
12. TOTAL CURRENT LIABILITIES (Items 1 to 11)	65,515,935	0	65,515,935
<b>OTHER LIABILITIES:</b>			
13. Loans and Notes Payable (Not Subordinated)	4,423,497	XXX	4,423,497
14. Loans and Notes Payable (Subordinated)	6,427,891	XXX	418,000
15. Accrued Subordinated Interest Payable	0	XXX	0
16. Amounts Due To Affiliates - Long Term	0	XXX	0
17. Aggregate Write-Ins for Other Liabilities	1,362,000	XXX	1,362,000
18. TOTAL OTHER LIABILITIES (Items 13 to 17)	12,213,388	XXX	12,213,388
19. TOTAL LIABILITIES	77,729,323	0	77,729,323
<b>NET WORTH</b>			
20. Common Stock	XXX	XXX	26,000
21. Preferred Stock	XXX	XXX	0
22. Paid In Surplus	XXX	XXX	39,400
23. Contributed Capital	XXX	XXX	0
24. Retained Earnings (Deficit)/Fund Balance	XXX	XXX	2,797,429
25. Aggregate Write-Ins for Other Net Worth Items	XXX	XXX	122,062
26. TOTAL NET WORTH (Items 20 to 25)	XXX	XXX	2,984,891
27. TOTAL LIABILITIES AND NET WORTH	XXX	XXX	80,714,214
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 11 FOR CURRENT LIABILITIES</b>			
1101.			0
1102.			0
1103.			0
1104.			0
1198. Summary of remaining write-ins for Item 11 from overflow page			0
1199. TOTALS (Items 1101 thru 1104 plus 1198)	0	0	0
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER LIABILITIES</b>			
1701. Malpractice Insurance and other liabilities	944,000	XXX	944,000
1702. Workers Compensation IBNR	418,000	XXX	418,000
1703.		XXX	0
1704.		XXX	0
1798. Summary of remaining write-ins for Item 17 from overflow page		XXX	0
1799. TOTALS (Items 1701 thru 1704 plus 1798)	1,362,000	XXX	1,362,000
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR OTHER NET WORTH ITEMS</b>			
2501. Marketable Securities	XXX	XXX	147,087
2502. Unrealized Loss on Marketable Securities	XXX	XXX	-92,899
2503. Other Comprehensive Income	XXX	XXX	67,874
2504.	XXX	XXX	
2598. Summary of remaining write-ins for Item 25 from overflow page	XXX	XXX	
2599. TOTALS (Items 2501 thru 2504 plus 2598)	XXX	XXX	122,062

## STATEMENT AS OF 6-30-2003 OF 933-0209 UNIVERSAL CARE

## REPORT #2: REVENUE, EXPENSES AND NET WORTH

	1
	Year-To-Date
<b>REVENUES:</b>	
1. Premiums (Commercial)	239,127,383
2. Capitation	3,829,206
3. Co-payments, COB, Subrogation	2,040,737
4. Title XVIII - Medicare	5,915,881
5. Title XIX - Medicaid	192,958,501
6. Fee-For-Service	4,694,298
7. Point-Of-Service (POS)	0
8. Interest	431,574
9. Risk Pool Revenue	0
10. Aggregate Write-Ins for Other Revenues	6,757,828
11. TOTAL REVENUE (Items 1 to 10)	455,755,408
<b>EXPENSES:</b>	
<b>Medical and Hospital</b>	
12. Inpatient Services - Capitated	20,451,557
13. Inpatient Services - Per Diem	147,766,739
14. Inpatient Services - Fee-For-Service/Case Rate	8,090,784
15. Primary Professional Services - Capitated	120,517,402
16. Primary Professional Services - Non-Capitated	0
17. Other Medical Professional Services - Capitated	0
18. Other Medical Professional Services - Non-Capitated	0
19. Non-Contracted Emergency Room and Out-of-Area Expense, not including POS	2,110,908
20. POS Out-Of-Network Expense	0
21. Pharmacy Expense -- Capitated	7,811,864
22. Pharmacy Expense - Fee-For-Service	43,039,990
23. Aggregate Write-Ins for Other Medical and Hospital Expenses	58,013,192
24. TOTAL MEDICAL AND HOSPITAL (Items 12 to 23)	407,802,436
<b>Administration</b>	
25. Compensation	12,626,379
26. Interest Expense	964,010
27. Occupancy, Depreciation and Amortization	18,268,210
28. Management Fees	6,647,787
29. Marketing	13,943,784
30. Affiliate Administration Services	0
31. Aggregate Write-Ins for Other Administration	0
32. TOTAL ADMINISTRATION (Items 25 to 31)	52,450,170
33. TOTAL EXPENSES	460,252,606
34. INCOME (LOSS)	-4,497,198
35. Extraordinary Item	
36. Provision for Taxes	-240,000
37. NET INCOME (LOSS)	-4,257,198
<b>NET WORTH:</b>	
38. Net Worth Beginning of Period	7,212,326
39. Audit Adjustments	
40. Increase (Decrease) in Common Stock	
41. Increase (Decrease) in Preferred Stock	
42. Increase (Decrease) in Paid in Surplus	29,763
43. Increase (Decrease) in Contributed Capital	
44. Increase (Decrease) in Retained Earnings:	
45. Net Income (Loss)	-4,257,198
46. Dividends to Stockholders	
47. Aggregate Write-Ins for Changes in Retained Earnings	0
48. Aggregate Write-Ins for Changes in Other Net Worth Items	0
49. NET WORTH END OF PERIOD (Items 38 to 48)	2,984,891

## STATEMENT AS OF 6-30-2003 OF 933-0209 UNIVERSAL CARE

## REPORT #2: REVENUE, EXPENSES AND NET WORTH

1	2
	Year-To-Date
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR OTHER REVENUES</b>	
1001. Other Income	110,041
1002. Management fee revenue	6,647,787
1003.	
1004.	
1005.	
1006.	
1098. Summary of remaining write-ins for Item 10 from overflow page	
1099. TOTALS (Items 1001 thru 1006 plus 1098)	6,757,828
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 23 FOR OTHER MEDICAL AND HOSPITAL EXPENSES</b>	
2301. Staff Models Operation Cost	56,666,009
2302. Reinsurance	0
2303. Lab & X-Ray	1,272,000
2304. Radiology	75,183
2305.	
2306.	
2398. Summary of remaining write-ins for Item 23 from overflow page	
2399. TOTALS (Items 2301 thru 2306 plus 2398)	58,013,192
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 31 FOR OTHER ADMINISTRATIVE EXPENSES</b>	
3101.	
3102.	
3103.	
3104.	
3105.	
3106.	
3198. Summary of remaining write-ins for Item 31 from overflow page	
3199. TOTALS (Items 3101 thru 3106 plus 3198)	0
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 47 FOR CHANGES IN RETAINED EARNINGS</b>	
4701.	
4702.	
4703.	
4704.	
4705.	
4706.	
4798. Summary of remaining write-ins for Item 47 from overflow page	
4799. TOTALS (Items 4701 thru 4706 plus 4798)	0
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 48 FOR CHANGES OF OTHER NET WORTH ITEMS</b>	
4801.	
4802.	
4803.	
4804.	
4805.	
4806.	
4898. Summary of remaining write-ins for Item 48 from overflow page	
4899. TOTALS (Items 4801 thru 4806 plus 4898)	0

**REPORT #3: STATEMENT OF CASH FLOWS**

1	2
	Year-To-Date
<b>CASH FLOW PROVIDED BY OPERATING ACTIVITIES</b>	
1. Group/Individual Premiums/Capitation	246,930,417
2. Fee-For-Service	4,694,299
3. Title XVIII - Medicare Premiums	5,915,881
4. Title XIX - Medicaid Premiums	192,958,501
5. Investment and Other Revenues	7,189,402
6. Co-Payments, COB and Subrogation	2,040,737
7. Medical and Hospital Expenses	-408,161,680
8. Administration Expenses	-47,901,056
9. Federal Income Taxes Paid	240,000
10. Interest Paid	-964,010
11. NET CASH PROVIDED BY OPERATING ACTIVITIES	2,942,491
<b>CASH FLOW PROVIDED BY INVESTING ACTIVITIES</b>	
12. Proceeds from Restricted Cash and Other Assets	-809
13. Proceeds from Investments	-29,763
14. Proceeds for Sales of Property, Plant and Equipment	0
15. Payments for Restricted Cash and Other Assets	0
16. Payments for Investments	0
17. Payments for Property, Plant and Equipment	-3,922,847
18. NET CASH PROVIDED BY INVESTING ACTIVITIES	-3,953,419
<b>CASH FLOW PROVIDED BY FINANCING ACTIVITIES:</b>	
19. Proceeds from Paid in Capital or Issuance of Stock	0
20. Loan Proceeds from Non-Affiliates	0
21. Loan Proceeds from Affiliates	0
22. Principal Payments on Loans from Non-Affiliates	0
23. Principal Payments on Loans from Affiliates	-435,835
24. Dividends Paid	0
25. Aggregate Write-Ins for Cash Provided by Financing Activities	29,763
26. NET CASH PROVIDED BY FINANCING ACTIVITIES	-406,072
27. NET INCREASE (DECREASE) IN CASH (Items 11, 18 & 26)	-1,417,000
28. CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	19,846,650
29. CASH AND CASH EQUIVALENTS AT END OF THE YEAR	18,429,650
<b>RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
30. Net Income	-4,257,198
<b>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</b>	
31. Depreciation and Amortization	2,335,554
32. Decrease (Increase) in Receivables	5,655,258
33. Decrease (Increase) in Prepaid Expenses	375,118
34. Decrease (Increase) in Affiliate Receivables	0
35. Increase (Decrease) in Accounts Payable	874,430
36. Increase (Decrease) in Claims Payable and Shared Risk Pool	2,330,686
37. Increase (Decrease) in Unearned Premium	-1,681,430
38. Aggregate Write-Ins for Adjustments to Net Income	-2,689,929
39. TOTAL ADJUSTMENTS (Items 31 through 38)	7,199,687
40. NET CASH PROVIDED BY OPERATING ACTIVITIES (Item 30 adjusted by Item 39 must agree to Item 11)	2,942,489
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR CASH FLOW PROVIDED BY FINANCING ACTIVITIES</b>	
2501. Marketable Securities, Unrealized loss on Marketable Sec, Other Compr Inc.	29,763
2502.	
2503.	
2598. Summary of remaining write-ins for Item 25 from overflow page	
2599. TOTALS (Items 2501 thru 2503 plus 2598)	29,763
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 38 FOR ADJUSTMENTS TO NET INCOME</b>	
3801. Deposit-L/T, Deferred Taxes, Malpractice Tail Reserve	-2,689,929
3802.	
3803.	
3898. Summary of remaining write-ins for Item 38 from overflow page	
3899. TOTALS (Items 3801 thru 3803 plus 3898)	-2,689,929

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## REPORT #4: ENROLLMENT AND UTILIZATION TABLE

## TOTAL ENROLLMENT

1 Source of Enrollment	2 Total Enrollees At End of Previous Period	3 Additions During Period	4 Terminations During Period	5 Total Enrollees at End of Period	6 Cumulative Enrollee Months for Period	Total Member Ambulatory Encounters for Period			10 Total Patient Days Incurred	11 Annualized Hospital Days/1000	12 Average Length of Stay
						7 Physicians	8 Non-Physicians	9 Total			
1. Group (Commercial)	135,422		32,116	103,306	1,411,881	303,490		303,490	23,157	197	4
2. Medicare Risk	428	1,188		1,616	10,203	6,081		6,081	1,620	1,905	6
3. Medi-Cal Risk	179,623		8,697	170,926	2,297,590	491,716		491,716	30,793	161	3
4. Individual				0		0		0	0		0
5. Point of Service	1,614		596	1,018	14,766	0		0	0	0	0
6. Aggregate write-ins for Other	208,800	18,889	4,860	222,829	2,556,196	84,114	0	84,114	3,193	15	
7. Total Membership	525,887	20,077	46,269	499,695	6,290,636	885,401	0	885,401	58,763	112	3.58
DETAILS OF WRITE-INS AGGREGATED AT ITEM 6 FOR OTHER SOURCES OF ENROLLMENT											
601. Small Group				0		58,002		58,002			
602. Healthy Families	25,669	4,140		29,809	334,927	31		31	1,140	41	4
603. AIM	14		2	12	146			0		0	
604. Medicare Cost				0				0			
605. ASO				0		N/A	N/A	N/A	N/A	N/A	N/A
606. PPO				0				0			
607. Plan to Plan	6,253	972		7,225	79,229	26,081		26,081	2,053	311	6
608. Dental_Medi-Cal	29,100		4,090	25,010	337,901			0		0	
609. Dental Healthy Families	32,427	12,427		44,854	433,237			0		0	
610. Dental Commercial	13,609	1,350		14,959	174,408			0		0	
611. Dental Plan to Plan	101,728		768	100,960	1,196,348			0		0	
612.				0				0			
Summary of remaining write-ins for											
698. Item 6 from overflow page				0				0			
Totals (lines 601 through 612 plus											
699. 698) (Line 6 above)	208,800	18,889	4,860	222,829	2,556,196	84,114	0	84,114	3,193	15	

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**SCHEDULE A-1 (CASH)**

1	2	3
Name of Depository (List all accounts even if closed during the period)	Account Number	Balance*
1. Farmers & Merchants-General	01087762	2,663,272
2. Farmers & Merchants-Claims	01087770	-1,982,106
3. Farmers & Merchants-Payroll	01087789	-101,641
4. Farmers & Merchants-Contract Payroll	01098608	-14,896
5. Farmers & Merchants-Repo	56710200	13,266,623
6. Bank of America-General	1457502777	534,048
7. Farmers & Merchants-Savings	1556965	4,047,889
8.		
9. Total Cash on Deposit		18,413,189
10. Cash on Hand (Petty Cash)		16,461
11. Total Cash on Hand and on Deposit (Report #1, Part A, Line 1)		18,429,650

**SCHEDULE A-2 RESTRICTED ASSETS**

1	2	3
Name of Depository (List all accounts even if closed during period)	Account Number	Balance*
12. Farmers & Merchants	56-164800	508,582
13.		
14.		
15.		
16.		
17.		
18.		
19. Total Restricted Assets		508,582

\* Indicate the Balance Per the HMO's Records

\*\*

**SCHEDULE B - INVESTMENTS**

Individually list investments with account balances greater than 2% of total (short-term and long-term) investments.

1	2	3	4	5	6	7	8	9	10	11
CUSIP Identification	Description	(S)= Stock (B)= Bonds (O)=Other	Date Acquired	Maturity Date	Par Value (Bonds) or No. Shares (Stock)	Income Earned	Market Value	Cost	Total Short-Term Investments	Total Long-Term Investments
1.	STOCK INVESTMENT		2000				352,011	170,578	352,011	
2.										
3.										
4.										
5.										
6.										
7.										
8.										
9.										
10.										
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17.										
18.										
19.										
20.										
21.										
22.										
23.										
24.										
25.										
26.										
27.										
28.										
29. TOTAL INVESTMENTS		XXX	XXX	XXX	XXX	XXX	XXX	XXX	352,011	0

## STATEMENT AS OF 6-30-2003 OF 933-0209 UNIVERSAL CARE

**SCHEDULE C - PREMIUMS RECEIVABLE (Other than Affiliates)**

Individually list all debtors (commercial only) with account balances greater than 5% of gross Premiums Receivable. Group the total of all other premium receivables and enter the total on the line titled, "Aggregate Accounts Not Individually Listed."

	1 Name of Debtor	2 1-30 Days	3 31-60 Days	4 61-90 Days	5 Over 90 Days	6 Total
1.	PREMIUMS	3,414,756				3,414,756
2.	HEALTHNET	12,163,327				12,163,327
3.	HEALTHY FAMILIES CAP	1,103,323				1,103,323
4.	STOP LOSS/REINSURANCE	1,040,724				1,040,724
5.						0
6.						0
7.						0
8.						0
9.						0
10.						0
11.						0
12.						0
13.						0
14.						0
15.						0
16.						0
17.						0
18.						0
19.						0
20.						0
21.						0
22.						0
23.						0
24.						0
25.						0
26.						0
27.						0
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39.						0
40.						0
41.						0
42.						0
43.						0
44.						0
45.						0
46.						0
47.						0
48.						0
49.						0
50.						0
51.						0
52.						0
53.						0
54.	Aggregate Accounts Not Individually Listed					0
55.	Total	17,722,130	0	0	0	17,722,130

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## STATEMENT AS OF 6-30-2003 OF 933-0209 UNIVERSAL CARE

**SCHEDULE D**  
**HEALTH CARE RECEIVABLES &**  
**AMOUNTS DUE FROM PARENT, SUBSIDIARIES, AND AFFILIATES**

Individually list all debtors with account balances greater than 10% of gross Receivables. Group the total of all other receivables and enter the total on the line titled, "Aggregate Accounts Not Individually Listed."

	1 Name of Debtor	2 1-30 Days	3 31-60 Days	4 61-90 Days	5 Over 90 Days	6 Total
1.	NONE					0
2.						0
3.						0
4.						0
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48.						0
49.						0
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51.						0
52.						0
53.						0
54.	Aggregate Accounts Not Individually Listed					0
55.	Total	0	0	0	0	0

\*\*

## STATEMENT AS OF 6-30-2003 OF 933-0209 UNIVERSAL CARE

**SCHEDULE E - PROPERTY & EQUIPMENT - NET**

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Description, Address, and Date Acquired	Cost	Improvements	Accumulated Depreciation	Book Value (Columns 2+3-4)
Land:				
1.	5,870,887	0	0	5,870,887
2.	0	0	0	0
3.	0	0	0	0
<b>4. TOTAL LAND</b>	<b>5,870,887</b>	<b>0</b>	<b>0</b>	<b>5,870,887</b>
Building & Improvements:				
5.	6,613,327	5,556,528	2,066,533	10,103,322
6.	0	0	0	0
7.	0	0	0	0
<b>8. TOTAL BUILDING &amp; IMPROVEMENTS</b>	<b>6,613,327</b>	<b>5,556,528</b>	<b>2,066,533</b>	<b>10,103,322</b>
Construction in Progress:				
9.	46,010	0	0	46,010
10.	0	0	0	0
11.	0	0	0	0
<b>12. TOTAL CONSTRUCTION IN PROGRESS</b>	<b>46,010</b>	<b>0</b>	<b>0</b>	<b>46,010</b>
13. Furniture & Equipment (Totals Only):	10,338,958		9,274,854	1,064,104
14. Computer Equipment (Totals Only):	9,331,145		7,147,756	2,183,389
15. Software Development Costs (Totals Only):	1,602,733		433,006	1,169,727
Other:				
16.	0	0	0	0
17.	0	0	0	0
18.	0	0	0	0
19.	0	0	0	0
20.	0	0	0	0
21.	0	0	0	0
22.	0	0	0	0
23.	0	0	0	0
<b>24. TOTAL OTHER</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>25. GRAND TOTALS</b>	<b>33,803,060</b>	<b>5,556,528</b>	<b>18,922,149</b>	<b>20,437,439</b>

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## STATEMENT AS OF 6-30-2003 OF 933-0209 UNIVERSAL CARE

## SCHEDULE F - ACCOUNTS PAYABLE

Individually list all creditors with account balances greater than 5% of total trade accounts payable. Group the total of all other payables and enter the total on the line titled, "Aggregate Accounts Not Individually Listed - Due." Report accounts payable from the initial date of billing or due date under contract.

1	2	3	4	5	6	7
Name of Debtor	1-30 Days	31-60 Days	61-90 Days	91-120 Days	Over 120 Days	Total
1. MEDIMPACT	1,890,987					1,890,987
2.						0
3.						0
4.						0
5.						0
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14.						0
15.						0
16.						0
17.						0
18.						0
19.						0
20.						0
21.						0
22.						0
23. Aggregate Accounts Not Individually Listed - Due						0
24. Total	1,890,987	0	0	0	0	1,890,987

\*\*



**SCHEDULE G - UNPAID CLAIMS ANALYSIS**  
**SECTION I - CLAIMS UNPAID**

	1	2	3
Type of Claim	Reported Claims in Process of Adjustment	Estimated Incurred but Unreported	Total - Unpaid Claims (Columns 4+5 of Section II)
1. Inpatient Claims	11,947,137	27,773,254	39,720,391
2. Physician Claims	828,546	1,926,104	2,754,650
3. Referral Claims			0
4. Other Medical	157,898	367,061	524,959
5. TOTAL	12,933,581	30,066,419	43,000,000

**SECTION II - ANALYSIS OF CLAIMS UNPAID - PREVIOUS YEAR (FILE ANNUAL ONLY)**

1 Type of Claim	Claims Paid During the Fiscal Year		Unpaid Claims During the Fiscal Year		6 Total Claims (Paid and Unpaid) for the Previous Fiscal Year (2+4)	7 Estimated Liability of Unpaid Claims Prior to the first day of the Prior Year
	2 On Claims Incurred Prior to the first day of the Current Fiscal Year	3 On Claims Incurred During the Fiscal Year	4 On Claims Unpaid Prior to the first day of the Previous Fiscal Year	5 On Claims Incurred During the Year		
6. Inpatient Claims	35,697,406	94,909,080	1,122,402	38,597,989	36,819,808	33,715,785
7. Physician Claims	3,157,838	8,395,778	146,981	2,607,669	3,304,819	2,980,818
8. Referral Claims					0	
9. Other Medical	601,795	1,600,000	66,810	458,149	668,605	2,055,452
10. TOTAL	39,457,039	104,904,858	1,336,193	41,663,807	40,793,232	38,752,055

**SECTION III - INVENTORY OF CLAIMS TO BE PROCESSED\***

1 Month Ending	2 Beginning Balance Number of Claims in inventory on the 1st of each month	3 Add - Claims Received during the month	4 Deduct - Claims paid during the month	5 Deduct - Claims denied during the month	6 Add/Deduct - Adjustments	7 Ending Balance Number of claims in inventory at the end of the month
11. June 30, 2003	60,138	57,514	23,128	29,279		65,245
13. May 31, 2003	68,107	54,752	28,258	34,463		60,138
14. April 30, 2003	76,338	61,470	36,840	32,861		68,107
15. March 31, 2003	67,566	63,389	27,656	26,961		76,338
16. February 28, 2003	72,472	58,265	32,088	31,083		67,566
17. January 31, 2003	94,749	61,546	43,129	40,694		72,472
18. December 31, 2002	92,936	59,922	30,666	27,443		94,749
19. November 30, 2002	87,904	60,939	28,326	27,581		92,936
20. October 31, 2002	89,266	67,026	35,318	33,070		87,904
21. September 30, 2002	92,186	58,872	32,833	28,959		89,266
22. August 31, 2002	83,489	62,855	28,674	25,484		92,186
23. July 31, 2002	91,685	63,345	37,077	34,464		83,489

\* Describe any significant changes reported on Schedule G, Section III in the Supplemental Schedule (Page 2).

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## STATEMENT AS OF 6-30-2003 OF 933-0209 UNIVERSAL CARE

**SCHEDULE H - AGING OF ALL CLAIMS**

Age all claims on hand at the end of each month. Use the date of receipt to determine the number of days the claims is outstanding. The amount reported in Column 6 should equal the amount Reported on Schedule G, Section III, Column 7.

	1	2	3	4	5	6
	Month Ending	1-30 Days	31-60 Days	61-90 Days	Over 90 Days	Total
1.	June 30, 2003	53,694	6,188	619	4,744	65,245
2.	May 31, 2003	42,072	4,002	1,490	12,574	60,138
3.	April 30, 2003	37,373	4,018	1,865	24,851	68,107
4.	March 31, 2003	44,448	5,664	1,549	24,677	76,338
5.	February 28, 2003	38,851	2,828	1,881	24,006	67,566
6.	January 31, 2003	40,330	5,320	3,576	23,246	72,472
7.	December 31, 2002	55,601	12,963	3,802	22,383	94,749
8.	November 30, 2002	58,893	8,571	2,447	23,025	92,936
9.	October 31, 2002	58,024	5,418	2,032	22,430	87,904
10.	September 30, 2002	54,844	9,827	2,567	22,028	89,266
11.	August 31, 2002	57,136	9,212	3,994	21,844	92,186
12.	July 31, 2002	50,227	8,468	3,192	21,602	83,489

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**STATEMENT AS OF 6-30-2003 OF 933-0209 UNIVERSAL CARE**

**SCHEDULE I - ANALYSIS OF TOTAL MEDICAL LIABILITY TO ACTUAL CLAIMS PAID**

Using the Plan's Lag Tables, complete the following table. Provide claim information the current quarter and the previous seven quarters. An actuarial certification may be submitted in lieu of this schedule.

Reported Accrual				
1	2	3	4	5
Quarter Ending Date	Total Medical Liability*	Amount Paid-To-Date	Difference - Column (2-3)	Outstanding Liability (Based on plan's lag
1. June 30, 2003	43,000,000	XXX	43,000,000	27,169,726
2. March 31, 2003	30,560,492	24,307,884	6,252,608	7,860,233
3. December 31, 2002	37,437,125	37,332,850	104,275	3,818,736
4. September 30, 2002	38,491,811	39,963,941	-1,472,130	2,404,456
5. June 30, 2002	38,752,055	39,457,039	-704,984	1,057,877
6. March 31, 2002	34,348,335	40,728,247	-6,379,912	504,701
7. December 31, 2001	34,191,369	33,140,576	1,050,793	93,699
8. September 30, 2001	24,464,100	34,260,977	-9,796,877	90,572

\* Should tie to Report #1, Part B, Column 4, Lines 3 through 7.

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## STATEMENT AS OF 6-30-2003 OF 933-0209 UNIVERSAL CARE

**SCHEDULE J**  
**LOANS AND NOTES PAYABLE (INCLUDING AFFILIATES)**

List all amounts with balances greater than 10% of gross Payables

	1	2	3	4	5	6	7	8
	Name of Lender	Rate	Principal	Accrued Interest	Total	Current	Non-Current	Compliance with Covenants Y or N
	FINANCIAL INSTITUTIONS:							
1.	NOTES PAYABLE TO BANK				0	122,567		Y
2.	NOTES PAYABLE TO BANK				0		4,423,497	Y
3.					0			
4.					0			
5.					0			
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18.					0			
19.					0			
20.					0			
21.					0			
22.					0			
23.					0			
24.	TOTAL FINANCIAL INSTITUTIONS	XXX	0	0	0	122,567	4,423,497	XXX
	OTHER LENDERS:							
25.	NOTES PAYABLE TO OFFICERS				0	2,500,000		Y
26.	NOTES PAYABLE TO OFFICERS				0	1,888,374		Y
27.	NOTES PAYABLE TO OFFICERS				0	1,540,000		Y
28.	NOTES PAYABLE TO OFFICERS				0	499,517		Y
29.					0			
30.					0			
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41.					0			
42.					0			
43.					0			
44.					0			
45.					0			
46.					0			
47.					0			
48.					0			
49.					0			
50.					0			
51.					0			
52.	TOTAL OTHER LENDERS	XXX	0	0	0	0	6,427,891	XXX

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## STATEMENT AS OF 6-30-2003 OF 933-0209 UNIVERSAL CARE

**SCHEDULE K - SUMMARY OF HMO'S TRANSACTIONS WITH ANY AFFILIATES**

Include the aggregate of transactions, for the reporting period, within each category involving the parent company (companies), all insurance companies in the Holding Company System, and all other companies in the system with which an insurance company or HMO member had a transaction. Exclude: transactions of a non-insurer with an insurance company or HMO that are of a routine nature (i.e., the purchase of insurance coverage) and cost allocation transactions that are based upon generally accepted accounting principles.

1	2	3	4	5	6	7	8	9	10
Federal ID Number	Names of HMOs and Parent, Subsidiaries or Affiliates	Shareholder Dividends	Capital Contributions	Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans, or Other Investments	Income/ (Disbursements) Incurred In Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	Management Agreements and Service Contracts	Income/ (Disbursements) Incurred Under Reinsurance Agreements	Any Other Material Activity not in the Ordinary Course of the Insurer's HMO Business	Total
1.	N/A								0
2.									0
3.									0
4.									0
5.									0
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18.									0
19.	TOTALS	0	0	0	0	0	0	0	0

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NOTES TO FINANCIAL STATEMENTS	
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## GENERAL INTERROGATORIES

	1	2
1. Has any change been made since the last reporting date in the charter, articles of incorporation, by-laws, or contracts with physicians, hospitals or subscribers where submission is required by a state regulation? If "Yes," attach current copies of the documents, if they have not been previously submitted.	No	
2. Is the Reporting Entity authorized to conduct business in other states? If "Yes", list all states which the Reporting Entity is authorized to conduct business:	No	
3. State the name of the regulatory agency and state as of what date the latest financial examination of the Reporting Entity was made or is being made.	DEPARTMENT OF MANAGED HEALTHCARE-CALIFORNIA	
4. State the name of the regulatory agency and the date of the latest financial examination report that is available from other regulatory agencies. This date should be the date of the examined balance sheet and not the date the report was completed or released.	NOT APPLICABLE	
5. State the name of the regulatory agency and state as of what date the latest financial examination report became available to other states or the public from other regulatory agencies. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).	NOT APPLICABLE	
6. Is the Reporting Entity directly or indirectly owned or controlled by any other company, corporation, group of companies, partnership, or individual?	Yes	Howard and Elaine Davis Family Trust
7. Does the Reporting Entity have an established procedure for annual disclosure to its Board of Directors of any material interest or affiliation on the part of any of its officers, directors, or responsible employees, which is in, or is likely to, conflict with the official duties of such person?	Yes	
8. Did any officer, director, shareholder, or salaried employee of the Reporting Entity receive, directly or indirectly, any commission on the business transactions of the Reporting Entity? If "Yes," give particulars:	No	
9. Was money loaned during the period covered by this report to any officer, director, or shareholder of the Reporting Entity? If "Yes," give detailed explanation of each loan:	No	
10. Are officers and employees of the Reporting Entity covered by a fidelity bond? If "Yes," give name of surety company and amount of coverage:	Yes	NATIONAL UNION FIRE \$2,000,000
11. Were all the stocks, bonds, and other securities owned as of the reporting period, over which the Reporting Entity has exclusive control, in the actual possession of the Reporting Entity on the said date? If "No," give location:	Yes	
12. Is the purchase or sale of all investments of the Reporting Entity passed upon by either the Board of Directors or a subordinate committee thereof? If "No," state who has the authority:	Yes	
13. Has any present or former officer, director, or any other person or firm any claim of any nature whatsoever against the Reporting Entity which is not included in the financial statements? If "Yes," give details:	No	
14. Have damage claims for medical injury been initiated against the Reporting Entity during the reporting year? If "Yes," provide the following information on any contingent liabilities that will be greater than 1% of required TNE. Include a complete report giving the number and amount of claims broken down into claims with and without formal legal process, and their disposition, if any.	No	



## STATEMENT AS OF 6-30-2003 OF 933-0209 UNIVERSAL CARE

## GENERAL INTERROGATORIES

	1	2
15. Has the Reporting Entity been subject to any administrative orders, cease and desist orders, revocation orders, fines or suspensions by any government entity during the reporting year? If "Yes," give details (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement).	No	
16. Have any other legal actions been taken against the Reporting Entity during the reporting year? If "Yes," attach additional sheets giving full particulars.	Yes	Please see attached.
17. Does the Reporting Entity have direct professional liability coverage (commonly known as "malpractice")? If the Reporting Entity does not have this coverage, please explain. If "Yes," provide the (1) name of carrier, (2) limits of coverage, and (3) expiration date.	Yes	FARMERS INSURANCE \$10,000,000 AGGREGATE \$1,000,000 PER CLAIMONT EXPIRES OCTOBER 31, 2003
18. Are the providers of the Reporting Entity contractually obligated to maintain professional liability coverage?	Yes	
19. Does the Reporting Entity have general liability insurance coverage? If the Reporting Entity does not have this coverage, please explain. If "Yes," provide the (1) name of carrier, (2) limits of coverage, and (3) expiration date:	Yes	CHUB-LIMITS OF COVERAGE: \$10,000,000, EXPIRATION DATE: FEB. 28, 2004
20. Does the Reporting Entity have reinsurance (stop-loss) coverage? If the Reporting Entity does not have this coverage, please explain. If "Yes," provide the (1) name of carrier, (2) limits of coverage, and (3) expiration date.	Yes	COMBINED-LIMITS OF COVERAGE: \$1,000,000, EXPIRATION DATE: MAY 31, 2004
21. Describe arrangements which the Reporting Entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other arrangements.		AN INSOLVENCY PROVISION IN REINSURANCE AGREEMENT, THE INSURANCE POLICY INCLUDES AN INSOLVENCY RIDER WHICH COVERS A PERIOD UP TO 365 DAYS.
22. Does the Reporting Entity set-up its claims liability for hospital and other medical services on an invoice date basis or a service date basis? (State basis, if both, explain)	Service	SERVICE DATE BASIS
23. Have there been any changes in the information filed with the Department regarding the value of the collateral used to secure affiliate receivables that are being included to calculate Tangible Net Equity as permitted by Rule 1300.76(e). If "yes," give details and indicate if the changes have been filed.	No	NOT APPLICABLE
24. Does the Reporting Entity have business subject to implicit or explicit premium rate guarantees? If "Yes," provide (1) the percentage of total revenues that has rate guarantees between 15-36 months and (2) the percentage of total revenues that has rate guarantees over 36 months.	No	
25. Does the Reporting Entity contract with other companies for claims processing services? If "Yes", provide (a) the state(s) that the other companies are domiciled, (2) if the financial status is monitored (if "yes", please explain) and (3) if there is a disaster recovery plan (if "Yes", please explain).	No	

## STATEMENT AS OF 6-30-2003 OF 933-0209 UNIVERSAL CARE

## GENERAL INTERROGATORIES

<b>List the following capital stock information for the Reporting Entity:</b>						
		1	2	3	4	5
		No. of Shares Authorized	No. of Shares Outstanding	Par or Stated Value Per Share	Dividend Rate	Are Dividends Cumulative?
26.	Common	1,000,000	26,000	1		
27.	Preferred					





  

<b>Provide the following information for accounts that are ten (10% or more of the total Reporting Entities enrollment:</b>		
<b>(a) Type of Account - In the table below, describe the account using one of the following terms:</b>		
(1) Federal Employees (2) County and Municipal Employees (3) State Employees (4) Corporate Nonpublic - Service Sector (5) Corporate Nonpublic - Manufacturing (6) Union and Trust Fund (Account contract should be with a union trust fund; do not include accounts for contracts with above categories even if they are unionized) (7) Medicaid (8) Medicare (9) Other		
<b>(b) Percentage of Total Enrollment - Provide the percentage of total enrollment represented by this account.</b>		
<b>(c) Renewal Date - Provide the renewal date (month/day/year) for the account's contract.</b>		
1	2	3
(a) Type of Account	(b) Percentage of Enrollment	(c) Renewal Date
28. Medicaid HealthNet and L.A. Medi-cal		1/1/2005
29.		
30.		
31.		
32.		
33.		

<b>Provide the following details on reinsurance recoveries and expenses:</b>					
1	2	3	4	5	6
Description of Treaty, Terms, and Name of Carrier	Total Reinsurance Recoveries Received in Current Year	Total Recoveries Receivable or Recoverable for Current Year Claims	Reinsurance Recoveries Receivable for the prior Annual Statement (same as Col 3 in last year's schedule)	Reinsurance Recoveries for Current Year Earnings (Col. 2+3+4)	Reinsurance Premiums
34.				0	
35.				0	
36.				0	
37.				0	
38.				0	
39.				0	
40.				0	

41. Does the Reporting Entity directly or indirectly provide guarantees to any other company, corporation, group of companies, partnership, foreign entity, or domestic entity domiciled outside of the jurisdiction of the United States? If "yes", has the change been made since the last reporting date? Please state the changes, if applicable.	No 	
42. Does the Reporting Entity directly or indirectly provide reinsurance coverage to any other company, corporation, group of companies, partnership, foreign entity, or domestic entity domiciled outside of the jurisdiction of the United States? If "yes", has any change been made since the last reporting date? Please state the changes, if applicable.	No 	
43. Does the Reporting Entity directly or indirectly own at least 10% of the common stocks or control any other company, corporation, group of companies, partnership, foreign entity, or domestic entity domiciled outside of the jurisdiction of the United States? If "yes", has any change been made since the last reporting date? Please state the changes, if applicable.	No 	
44. Are the reported or portion of the reported investments or cash held under the name of any other company, corporation group of companies, or partnership?	No 	

## STATEMENT AS OF 6-30-2003 OF 933-0209 UNIVERSAL CARE

KNOX-KEENE

## SUPPLEMENTAL INFORMATION

PURSUANT TO SECTIONS 1300.84.06, 1300.84.2 AND 1374.68

	1	2	3	4	5
<b>A. Explanation of the method of calculating the provision for incurred and unreported claims:</b>					
1. Estimated using the paid basis with an actual certification					
<b>B. Accounts and Notes Receivable from officers, directors, owners or affiliates, as detailed below:</b>					
	<u>Name of Debtor</u>	<u>Nature of Relationship</u>	<u>Nature of Receivable</u>	<u>Amount</u>	<u>Terms</u>
2.	NONE			0	
3.					
4.					
5.					
6.					
<b>C. Donated materials or services received by the reporting entity for the period of the financial statements, as detailed below:</b>					
	<u>Donor's Name</u>	<u>Affiliation with Reporting Entity</u>	<u>Valuation Method</u>	<u>Amount</u>	
7.	NONE			0	
8.					
9.					
10.					
11.					
<b>D. Forgiven debt or obligations, as detailed below:</b>					
	<u>Creditor's Name</u>	<u>Affiliation with Reporting Entity</u>	<u>Summary of How Obligation Arose</u>	<u>Amount</u>	
12.	NONE			0	
13.					
14.					
15.					
<b>E. Calculation of Tangible Net Equity (TNE) and Required TNE in accordance with Section 1300.76 of the Rules:</b>					
16. Net Equity				\$	2,984,891
17. Add: Subordinated Debt				\$	6,427,891
18. Less: Receivables from officers, directors, and affiliates				\$	
19. Intangibles				\$	4,650,856
20. Tangible Net Equity (TNE)				\$	4,761,926
21. Required Tangible Net Equity (See Page 30)				\$	10,122,130
22. TNE Excess (Deficiency)				\$	-5,360,204
<b>F. Percentage of administrative costs to revenue obtained from subscribers and enrollees:</b>					
23. Revenue from subscribers and enrollees				\$	448,566,006
24. Administrative Costs				\$	52,450,170
25. Percentage					12
26. The amount of health care expenses incurred during the six month period immediately preceding the date of the report which were or will be paid to noncontracting providers or directly reimbursed to subscribers and enrollees:				\$	983,999
27. Total costs for health care services for the immediately preceding six months:				\$	199,271,286
28. Percentage					0

		1
<p>G. If the amount of health care expenses incurred during the six month period immediately preceding the date of the report which <u>were or will be</u> paid to noncontracting providers or directly reimbursed to subscribers and enrollees exceeds 10% of the total costs for health care services for the immediately preceding six months, the following information, determined as of the date of the reports, shall be provided:</p>		
29. Amount of all claims for noncontracting provider services received for reimbursement but not yet processed:	\$	0
30. Amount of all claims for noncontracting provider services denied for reimbursement during the previous 45 days:	\$	0
31. Amount of all claims for noncontracting provider services approved for reimbursement but not yet paid:	\$	0
32. An estimate of the amount of claims for noncontracting provider services incurred, but not reported:	\$	0
33. Compliance with Section 1377(a) as determined in accordance with such section, as follows:		
34. Cash & cash equivalents maintained	\$	0
35. Noncontracting provider claims (aggregate of total of items 29 - 32 above)	\$	0
36. Cash & cash equivalents reported to be maintained (120% x Line 35)	\$	0
37. Deposit required (100% of Line 36)	\$	0
38. Excess (deficient) reserves (Line 34 - Line 37)	\$	0
Percentage of premium revenue earned from point-of-service plan contracts:		
39. Premium revenue earned from point-of-service plan contracts	\$	134,925
40. Total premium revenue earned	\$	455,755,408
41. Percentage		0
Percentage of total health care expenditures incurred for enrollees for out-of-network services for point-of-service enrollees:		
42. Health care expenditures for out-of-network services for point-of-service enrollees	\$	520,844
43. Total health care expenditures	\$	407,802,436
44. Percentage		0
45. Point-of-Service Enrollment at end of period		1,018
Total Ambulatory encounters for period for point-of-service enrollees:		
46. Physician		2,495
47. Non-Physician		0
48. Total		2,495
49. Total Patient Days Incurred for Point-of-Service enrollees		232
50. Annualized Hospital Days/1000 for Point-of-Service enrollees		191
51. Average Length of Stay for Point of Service enrollees		3.93
52. Compliance with Section 1374.68(a) as follows:		
53. Current Monthly Claims Payable for out-of-network coverage or services provided under Point-of-Service Contracts:	\$	173,365
54. Current monthly incurred but not reported claims balance for out-of-network coverage or services provided under Point-of-Service contracts	\$	84,626
55. Total	\$	257,991
56. Total times 120%	\$	309,589
57. Deposit (Greater of Line 56 or minimum of \$200,000)	\$	309,589

# STATEMENT AS OF 6-30-2003 OF 933-0209 UNIVERSAL CARE

## REQUIRED TANGIBLE NET EQUITY (TNE) CALCULATION:

TNE required must be equal to the GREATER of "A" "B" or "C" below (See Rule 1300.76)

	Full Service Plans		Specialized Plans	
		<u>1</u>		<u>2</u>
A. Minimum TNE Requirement	\$ 1,000,000		Minimum TNE Requirement	\$ 50,000
B. REVENUES:				
1. 2% of the first \$150 million of annualized premium revenues	\$ 3,000,000		2% of the first \$7.5 million of annualized premium revenue	\$
Plus			Plus	
2. 1% of annualized premium revenues in excess of \$150 million	\$ 2,918,310		1% of annualized premium revenue in excess of \$7.5 million	\$
3. Total	\$ 5,918,310		Total	\$ 0
C. HEALTHCARE EXPENDITURES:				
4. 8% of the first \$150 million of annualized health care expenditures, except those paid on a capitated or managed hospital basis.	\$ 4,290,138		8% of the first \$7.5 million of annualized health care expenditures, except those paid on a capitated or managed hospital basis.	\$
Plus			Plus	
5. 4% of annualized health care expenditures in excess of \$150 million except those paid on a capitated or managed hospital payment basis.	\$		4% of annualized health care expenditures in excess of \$7.5 million except those paid on a capitated or managed hospital payment basis.	\$
Plus			Plus	
6. 4% of the annualized hospital expenditures paid on a managed hospital payment basis.	\$ 5,831,993		4% of the annualized hospital expenditures paid on a managed hospital payment basis.	\$
7. Total	\$ 10,122,131		Total	\$ 0
8. Required "TNE" - Greater of "A" "B" or "C"	\$ 10,122,131		Required "TNE" - Greater of "A" "B" or "C"	\$

**KNOX -KEENE  
SUPPLEMENTAL INFORMATION  
PURSUANT TO SECTIONS 1374.64**

**POINT OF SERVICE "ADJUSTED" TANGIBLE NET EQUITY CALCULATION**

Calculation of Tangible Net Equity and required Tangible Net Equity in accordance with Section 1374.64:

	1
1. Net Equity	\$ 2,984,891
2. Add: Subordinated Debt	\$ 6,427,891
3. Less: Receivables from officers, directors, and affiliates	
4. Intangibles	\$ 4,650,856
5. Tangible Net Equity (TNE)	\$ 4,761,926
6. Required Tangible Net Equity (From Line 10 or 13 below)	\$ 10,147,951
7. TNE Excess (Deficiency)	\$ -5,386,025
 ADJUSTED REQUIRED MINIMUM TANGIBLE NET EQUITY CALCULATION:	
<b>I. Plan is required to have and maintain TNE as required by Rule 1300.76 (a)(1) or (2):</b>	
8. Minimum TNE as calculated under Rule 1300.76 (a)(1) or (2)	\$ 10,122,131
9. 10% of annualized health care expenditures for out-of-network service for point-of-service enrollees	\$ 25,820
10. Add lines 8 and 9	\$ 10,147,951
<b>II. Plan is required to have and maintain TNE as required by Rule 1300.76 (a)(3):</b>	
<b><u>PART A</u></b>	
11. Minimum TNE as recalculated to exclude annualized healthcare expenditures for out-of-network services for point-of-service enrollees (attach worksheet Page 32)	\$ 10,122,131
12. 10% of annualized health care expenditures for out-of-network services for point-of-service enrollees	\$ 25,820
13. Add lines 11 and 12	\$ 10,147,951
<b>III. MINIMUM TNE REQUIREMENT TO DETERMINE MONTHLY REPORTING</b>	
14. Line 5 (above)	\$ 4,761,926
15. Multiply Line 6 (above) by 130%	\$ 13,192,336
16. Difference (Line 14 - Line 15)	
<b>If Line 14 is less than Line 15, then monthly reporting is require</b>	<b>\$ -8,430,410</b>

## STATEMENT AS OF 6-30-2003 OF 933-0209 UNIVERSAL CARE

## WORKSHEET FOR ADJUSTED TANGIBLE NET EQUITY CALCULATION

	1 Full Service Plans	2 Specialized Plans
1. Health care expenditures for period	\$ <input type="text" value="0"/>	\$ <input type="text"/>
Less:		
2. Capitated or managed hospital payment basis expenditures	<input type="text" value="0"/>	<input type="text"/>
3. Health care expenditures for out-of-network services for point-of-service enrollees	<input type="text" value="0"/>	<input type="text"/>
4. Result	<input type="text" value="0"/>	<input type="text" value="0"/>
5. Annualized	<input type="text" value="0"/>	<input type="text"/>
6. Reduce to maximum of \$150 million	<input type="text" value="0"/>	<input type="text"/>
7. Multiply by 8%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
Plus		
8. Annualized health care expenditures except those paid on a capitated or managed hospital payment basis and excluding health care expenditures for out-of-network services for point-of-service enrollees	\$ <input type="text" value="0"/>	\$ <input type="text"/>
9. Less \$150 million	<input type="text" value="0"/>	<input type="text"/>
10. Multiply by 4%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
Plus		
11. Annualized hospital expenditures paid on a managed hospital payment basis and excluding health care expenditures for out-of-network services for point-of-service enrollees	\$ <input type="text" value="0"/>	\$ <input type="text"/>
12. Multiply by 4%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
13. Total	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>

**STATEMENT AS OF 6-30-2003 OF 933-0209 UNIVERSAL CARE**



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